

Message Text

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51
ACTION EUR-25

INFO OCT-01 ISO-00 EB-11 COME-00 INT-08 TRSE-00 OMB-01

SCI-06 SCEM-02 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 NEA-10 SIL-01 LAB-06 AGR-20

DRC-01 /202 W
----- 085897

R 101516Z DEC 73
FM AMEMBASSY THE HAGUE
TO SECSTATE WASHDC 2557
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
USMISSION EC BRUSSELS
USMISSION NATO
USMISSION OECD PARIS

LIMITED OFFICIAL USE SECTION 1 OF 2 THE HAGUE 5418

USNATO PASS UNDER SECRETARY DONALDSON

E.O. 11652: N/A
TAGS: ENRG, ELAB, PINT, NL
SUBJECT: GON REQUESTS WIDE POWERS TO COPE WITH
ENERGY CRISIS

REF: THE HAGUE 5273

1. SUMMARY: AS PROMISED IN HIS SPECIAL EMERGENCY

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MESSAGE DEC 1 (REFTEL), PRIME MINISTER SENT SECOND

CHAMBER COMPREHENSIVE ENABLING ACT WHICH WILL PERMIT
GON INTERVENE IN ECONOMY ON WIDE SCALE WITHOUT REFERENCE
TO PARLIAMENT. OPPOSITION HAS ALREADY ANNOUNCED
IT WILL OPPOSE GOVERNMENT'S REQUEST FOR POWERS ALMOST
EQUIVALENT TO THOSE GRANTED IN WARTIME. CONFESSİONAL
PARTIES WITHIN COALITION HAVE REACTED CAUTIOUSLY TO GOVERNMENT
REQUEST. SECOND CHAMBER EXPECTED BEGIN DISCUSSION
ENABLING ACT DEC 18. GON WILL ANNOUNCE SEVERAL SPECIFIC
MEASURES IT CONTEMPLATES TAKING UNDER NEW ACT ON DEC 13.
END SUMMARY.

2. AS PROMOSED IN HIS SPECIAL ENERGY MESSAGE DEC 1,
PRIME MINISTER SENT SECOND CHAMBER DRAFT ENABLING ACT ON
DEC 8. IF APPROVED IT WOULD GIVE GOVERNMENT QUASI WARTIME
POWERS TO INTERVENE IN DUTCH ECONOMY. ACT SPECIFIES THAT
GON WILL BE ABLE TO:
(A) CONTROL ALL WAGES, INCLUDING BONUSES, ROYALTIES AND
GRATUITIES, AS WELL AS INCOMES OF THOSE EMPLOYED BY
INSTITUTES SUBSIDIZED BY GOVERNMENT;
(B) CONTROL ALL PRICES INCLUDING FEES OF DOCTORS, LAWYERS
AND OTHER PROFESSIONS AS WELL AS COMPENSATION FOR COMPANY
DIRECTORS;
(C) ESTABLISH MAXIMUM FOR DIVIDENDS PAID ON SHARES OF
COMPANIES ESTABLISHED IN THE NETHERLANDS;*
(D) ESTABLISH LOWER ANNUAL RENT INCREASES THAN PROVIDED
FOR IN RENT HARMONIZATION ACT. GOVERNMENT CAN CONTROL RENTS
IN AREAS WHICH ARE NOW FREE AND RENTS FOR INDUSTRIAL SPACE.
(E) LEAVE AGRICULTURAL SECTOR UNCONTROLLED SINCE SO MUCH
WITHIN EC CONTEXT AND SINCE AGRICULTURAL INCOMES DEPENDENT
ON ECONOMIC FACTORS WHICH CANNOT BE INFLUENCED BY GOVERNMENT;
(F) KEEP UNEMPLOYMENT AS LOW AS POSSIBLE BY:
(1) BAN ON DISMISSALS,
(2) LIMITATION OF FOREIGN WORKERS,
(3) REDUCTION IN HOURS OF WORKING, AND
(4) CONTROL ON INCOMES AND FEES VIA THE
ENABLING ACT. THE GOVERNMENT IS ANTICIPATING A 50 TO 75,000
INCREASE IN UNEMPLOYMENT IN 1974. UNEMPLOYMENT IS NOW APPROXIMATELY*
100,000.
GOVERNMENT WILL ATTEMPT ENSURE THAT PURCHASING POWER OF LOWER
INCOME GROUPS IS UNAFFECTED, BUT PURCHASING POWER OF HIGHER
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INCOME GROUPS MAY HAVE TO BE SOMEWHAT REDUCED.

4. POLITICAL REACTION. GOVERNMENT'S NEW ENABLING ACT WILL BE
DISCUSSED IN SECOND CHAMBER DEC 18. ON DEC 13 GOVERNMENT
WILL ANNOUNCE SPECIAL STEPS IT WILL TAKE WHEN ACT APPROVED.
OPPOSITION (LIBERALS AND CHU) STRONGLY OPPOSE GOVERNMENT
PROPOSAL. LIBERAL LEADER WIEGEL CHARGED GON REQUESTING
ABSOLUTE POWER IN SOCIO-ECONOMIC FIELD WITHOUT REFERENCE TO

EITHER THOSE AFFECTED OR THE PARLIAMENT. HE MAINTAINS CONCENTRATION OF POWER WILL NOT CONTRIBUTE TO A BETTER ECONOMIC CLIMATE AND FEARS GOVERNMENT PREPARING TO FORCE STATE SOCIALISM ON THE NETHERLANDS UNDER GUISE OF COPING WITH OIL BOYCOTT. DS'70 FLOOR LEADER DREES COMMENTED GOVERNMENT HAS NOT EXPLAINED ADEQUATELY WHY IT NEEDS EXTRA POWERS AND THINKS PRESENT LEGISLATION, WITH SOME CHANGES, CAN DO EVERYTHING THE NEW ACT IS INTENDED TO ACCOMPLISH. LABOR FLOOR LEADER VAN THIJN ENTHUSIASTICALLY SUPPORTED THE GOVERNMENT'S EFFORT TO COPE WITH THE CONSEQUENCES OF THE OIL BOYCOTT. HE REITERATED HIS BELIEF THAT IT WAS UNACCEPTABLE THAT NETHERLANDS SUFFER MORE THAN OTHER EC NATIONS. THE RADICAL (PPR) PARLIAMENTARY GROUP EXPRESSED MISGIBINGS ABOUT WIDE POWERS GOVERNMENT REQUESTING AND EESPECAILLY FEATURES OF THE ENABLING ACT WHICH PERMITS GOVERNMENT TO BYPASS PARLIAMENT. KVP FLOOR LEADER ANDRIESSEN HAS WITHHELD COMMENT, BUT HIS PARTY'S FINANCIAL EXPERT THOUGHT THAT IF EMPLOYERS AND UNIONS COOPERATED, THE GOVERNMENT WOULD BE ABLE TO ACHIEVE ITS PURPOSES. THE ARP'S FINANCIAL EXPERT SAID THE GOVERNMENT WAS ASKING QUITE A BIT, ESPECIALLY WITHOUT PARLIAMENTARY CONTROL AND THAT HIS GROUP WOULD HAVE TO "THINK OVER TWICE OR THREE TIMES WHAT IT WOULD DO".

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USIA-15 ACDA-19 IO-14 NEA-10 SIL-01 LAB-06 AGR-20

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R 101516Z DEC 73

FM AMEMBASSY THE HAGUE
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INFO AMEMBASSY BONN
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4. DUTCH FEDERATION OF EMPLOYERS (VNO) CHARACTERIZED GOVERNMENT'S PROPOSAL AS VAGUE AND SAID IT WAS ASKING FOR TOO MUCH. VNO SAID IT WAS SURPRISING THAT GOVERNMENT HAD NOT ADDRESSED PROBLEM OF ENERGY CRISIS' EFFECT ON GOVERNMENT EXPENDITURES. THE TRADE UNIONS WILL COMMENT OFFICIALLY AFTER TALKS WITH THE GOVERNMENT TOMORROW (DEC 11). UNOFFICIAL REACTION WAS THAT THE UNIONS WANT MORE DETAILED INFORMATION ON WHAT THE GOVERNMENT INTENDS TO DO ABOUT LIMITING UNEMPLOYMENT AND KIND OF EQUAL TREATEMENT ENVISAGED FOR VARIOUS WAGE GROUPS.

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5. EDITORIAL REACTION. CONSERVATIVE PRESS DID NOT GAIN SAY NEED FOR GOVERNMENT TO HAVE WIDE POWERS TO DEAL WITH ENERGY CRISIS, BUT WONDERED WHETHER PRESENT GOVERNMENT MOST SUITABLE REPOSITORY FOR SUCH POWERS. IN UNUSUAL FRONT-PAGE EDITORIAL CONSERVATIVE TELEGRAAF (NATION'S LARGEST DAILY) CLAIMED GOV WAS ASKING FOR WARTIME POWERS WITHOUT PROVING SITUATION THAT BAD AS YET. TELEGRAAF SAID IT WOULD BE IRRESPONSIBLE FOR PARLIAMENT TO SURRENDER ITS POWERS TO A GOVERNMENT WHICH WOULD PROBABLY USE THEM TO IMPOSE ITS SOCIALIST IDEOLOGY ON DUTCH SOCIETY. CONSERVATIVE ALGEMEEN DAGBLAD WAS SOMEWHAT MORE MODERATE ARGUING THAT THE GOVERNMENT SHOULD COUNT UPON A "HEALTHY DISTRUST" FROM PARLIAMENT ABOUT NEED FOR POWERS IT REQUESTING. AD POINTED OUT THAT IF THE NEW LAW WERE APPROVED, THE PARLIAMENT WOULD IN EFFECT HAVE NO SAY ON ISSUES AS VITAL AS INCOMES, PRICES, RENTS, DIVIDENDS, ETC., FOR AN ENTIRE YEAR AND SAID MUCH WOULD DEPEND ON THE AGREEMENT THE GOVERNMENT WOULD BE ABLE TO REACH WITH EMPLOYERS AND THE UNIONS DURING THE NEXT FEW DAYS AS IT MEETS TO SECURE THEIR COOPERATION IN THE ENERGY ECONOMY EFFORT. LEFT WING TROUW (PROTESTANT) AND VOLSKRANT (CATHOLIC), NORMALLY STRONGLY PRO-GOVERNMENT, WERE ALSO SOMEWHAT APPREHENSIVE ABOUT THE EXTENT OF THE POWERS THE GOVERNMENT WAS REQUESTING. BOTH DAILIES REJECTED VIEW GOVERNMENT WOULD USE ANY LAW TO ACHIEVE ITS OWN IDEOLOGICAL ENDS BUT THOUGHT "NEUTRALIZATION" OF PARLIAMENT FOR YEAR IN THE SOCIO-ECONOMIC SECTOR WAS NOT

ESPECIALLY GOOD IDEA. BOTH PAPERS PRAISED GOVERNMENT'S EFFORT
TO ENSURE THOSE WITH THE LOWEST INCOMES WOULD NOT BE MOST
ADVERSELY AFFECTED BY BOYCOTT.

6. COMMENT. GOVERNMENT IS ASKING PARLIAMENT FOR EMERGENCY
POWERS NORMALLY ASSOCIATED WITH WARTIME. OPPOSITION'S CHARGES
THAT PM DEN UYL IS USING THE OIL EMERGENCY TO IMPOSE STATE
SOCIALISM ON THE NETHERLANDS SOULD DEMOGOGIC, BUT
EVEN PARTIES PARTICIPATING IN THE COALITION ARE WARY OF THE
GOVERNMENT'S WANTING TO ACT IN SOCIO-ECONOMIC AREA WITHOUT
PARLIAMENTARY INPUT FOR A LENGTHY PERIOD. KVP LEADERSHIP HAS NOT
COMMENTED OFFICIALLY BUT ITS REACTION WILL BE CRITICAL IN DETERMINING
HOW
LEGISLATION FARES IN PARLIAMENT. MODERATE REACTION OF KVP
FINANCIAL EXPERT AND FACT THAT ECONOMIC PACKAGE PREPARED BY
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ONE OF KVP'S OWN MINISTERS, HOWEVER, SUGGESTS GOVERNMENT
MAY NOT ENCOUNTER INSUPERABLE PROBLEMS IN GETTING GIST OF ITS
LEGISLATION APPROVED. MOREOVER, SCOPE OF MEASURES SUGGESTS
GOVT MIGHT BE PREPARED TO MODIFY SOME OF ITS PROPOSALS, E.G.
COMPROMISE ON LENGTH OF TIME ACT WILL HAVE EFFECT, ETC., TO
ENSURE ITS PASSAGE, I.E., ENABLING ACT AT THIS STAGE MAY BE
GOVT'S MAXIMUM NEGOTIATING POSITION.
GOULD

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